



APPROVED with corrections by CD Commission 3-29-05
MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, February 22, 2005, Second Floor Conference Room
Urbana City Building

Call to Order: Chairperson Cobb called the meeting to order at 7:07 p.m.

Roll Call: Connie Eldridge called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Robert Lewis, Theresa Michelson, Nancy Quisenberry, Joanna Shisler, Anne Heinze Silvis, Umesh Thakkar, Dennis Vidoni

Commission Members Absent: Chris Diana

Others Present: Bob Grewe and Connie Eldridge, Community Development Services; Jim Rose, Homestead Corporation; Brad Parks, Developmental Services Center; Burnell Dixon, Champaign Urbana Area Project.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the January 25, 2005 minutes. Commissioner Cobb requested the minutes reflect the requirement that Community Development (CD) Commissioners read the minutes before the meetings. Referencing page 5, paragraph 3, Commissioner Thakkar clarified that he had wanted to know if the Champaign County Regional Planning Commission's Homeless Management Information System (HMIS) would be accessible via a handheld device such as a PDA.*

Referencing page 2, paragraph 1, Commissioner Michelson asked for clarification on converting a building to food service quality. Mr. Grewe answered that this concerned the structural modifications needed to make the building more suitable for food service packaging since there are rigid standards.

Page 2, paragraph 5, second line should read, "Ms. Peek said this would indicate that a ban would be enforced for a certain period of time." Also page 4, paragraph 1, line 1, delete the word "per" after user fee.

Commissioner Lewis moved to approve the corrected minutes, and Commissioner Thakkar seconded the motion. The motion carried unanimously.

Petitions and Communications: Burnell Dixon said the Champaign Urbana Area Project is a local not for profit group that works with low-income persons. He has worked with the Resident Council at Lakeside Terrace for the last few months and is concerned that the Resident Council has not participated in the redevelopment of Lakeside Terrace. Mr. Dixon wants to be included in any committee meetings for redevelopment of Lakeside Terrace to ensure the residents have a voice in the process. Chairperson Cobb asked if Mr. Dixon has talked with the

Housing Authority. Mr. Dixon has attended the Housing Authority Board meetings but also wanted to meet Urbana staff and commissioners.

Staff Report: Mr. Grewe distributed a memo reviewing new items and updates. Concerning the 2004 Notice of Funding Availability (NOFA), the Department of Housing and Urban Development (HUD) funded the Shelter Plus Care renewal for \$132,720 and the Permanent Housing and Assertive Community Treatment for \$549,502. HUD did not fund the Homeless Families in Transition renewal, which impacts the Center for Women in Transition (CWIT), A Woman's Fund, and the Salvation Army. Because these organizations had received funding for the last six years, they had anticipated receiving their request of \$206,516.

In response to Commissioner Lewis, Mr. Grewe said the Permanent Housing and Assertive Community Treatment (PHACT) is a new initiative among the Greater Community Aids Project (GCAP), Provena Mental Health, and Prairie Center. The focus for this application was HUD's new focus on chronic homelessness. This population often struggles with dual diagnoses concerns. This is a new model for care and treatment for this chronic homeless population. Commissioner Lewis asked if the same group of people would be eligible for this new program. Mr. Grewe said no; the Homeless Families in Transition is a different population than those served by PHACT.

City staff will hold a teleconference with HUD, CWIT, A Woman's Fund and the Salvation Army. Mr. Grewe noted the News-Gazette article spelled out the nuances while the local TV news made this sound like negligence on Urbana's part. The City of Urbana's position is that the Continuum of Care, which was assembled by HUD mandate, is to prioritize programs for the area's pro-rata of funding. The Continuum of Care had set the following priorities: first the new program PHACT; second the Homeless Families in Transition renewal; third the Shelter Plus Care renewal. HUD wondered why the Continuum applied for over \$1,000,000 in pro-rata funds when the most funding an area can receive is double the pro-rata. The new project PHACT did receive \$549,502, which is double the pro-rata of \$274,751. HUD was also puzzled by the funding because the Continuum has always done well in this application process.

Mr. Grewe noted that CWIT is most affected by HUD not renewing the Homeless Families in Transition. CWIT normally would receive over \$100,000, and staff is not sure where to make up these funds. Another concern is HUD's requirement for Shelter Plus Care and Supportive Housing Programs using funds for brick and mortar projects. Because these programs did use funds for construction, the programs must run for 20 years or the federal government may ask for the funding to be returned. Per HUD's advice, the Continuum's strategy for the Homeless Families in Transition is to request an extension to the next grant period rather than closing out the program. Another concern is funding the agencies so they can continue to operate at a certain level. Because this is a very competitive application, HUD will not allow the Continuum to change its funding priorities.

Referencing the News-Gazette's headline, Commissioner Vidoni sensed an inference of negligence toward the City of Urbana's Community Development Department. However, as he read through the article, he understood it was a matter of prioritization. He felt this was a mixed message; however, he now understood the situation.

Commissioner Michelson asked about the reference to the staff member on the Continuum of Care. Mr. Grewe said that Darlene Kloepfel is the new chairperson for the Continuum of Care. Karen Rasmussen, formerly a City of Urbana staff member, chaired the Continuum of Care and wrote the grants. The grant request reflects the decisions of the Continuum of Care. Mr. Grewe said the Continuum had a responsibility for prioritizing and being careful of the amount of funding requested. It is understood that if a Continuum's first project is new, the amount of pro-rata could be doubled. So a Continuum would always try to have a new project in order to increase funding.

Staff and the Continuum are continuing to review the situation and avoid any repayment options. Mr. Grewe noted the Continuum's first teleconference with HUD resulted in everyone having a different understanding. Commissioner Lewis asked if there was a formula. Mr. Grewe said HUD provides the preliminary pro-rata and mentions doubling; however, there is little information beyond that. In response to Commissioner Quisenberry, Mr. Grewe said HUD determines the pro-rata for each Illinois community based on meeting homeless needs for that community. Commissioner Lewis added that HUD uses a large formula for different situations; however, there used to be bonus points that would bring up the score.

Commissioner Thakkar asked if Kathy Sims, CWIT, has contacted the mayor's office. Mr. Grewe answered yes; he met with Ms. Sims and has set up meetings. In response to Commissioner Thakkar, Mr. Grewe said Ms. Sims was very concerned with the situation. Chairperson Cobb asked if there was a way to report these negative consequences to HUD to impress them about the results of this decision. Mr. Grewe said that HUD has indicated they would answer any and all questions on how to create the best application. The Continuum plans to work with HUD during the next funding cycle to understand the pro-rata, priorities, etc.

Chairperson Cobb asked about the negative impacts to the social service agencies. Mr. Grewe anticipated the agencies would have to reduce staff. The program is designed to provide operations and services. Salaries for the director, financial person, etc. would come from operations, while salaries for clinical persons would come from services.

Jim Rose added that Homestead Corporation is part of the Continuum of Care; however, he was not involved in prioritization of these programs. He noted that for many years HUD had a separate set-aside for permanent supportive housing in addition to other funding. Even a few years ago if an agency applied for a permanent housing project, HUD would provide a separate pool of funds. This had no bearing on the amount allocated to the community. This might explain why a permanent housing project was chosen as a number one priority. Mr. Rose wondered about the impact on PHACT since it received only half of the funds requested. Mr. Grewe answered that PHACT will have to pro-rate its anticipated level of service and provide a technical submission to HUD.

Commissioner Lewis stated the overall impact is that a body of homeless families is out of the picture and only 50% of those who would participate in PHACT will be served.

Commissioner Thakkar asked if HUD provided any examples of other communities in this situation. Mr. Grewe said this was a good point but noted HUD did not offer this during the teleconference. Commissioner Thakkar felt this might reveal certain patterns that are affecting particular groups.

Mr. Rose questioned why HUD skipped the second priority and went to the third priority. He noted this usually does not happen. According to HUD, Mr. Grewe said if you add the pro-rata, it totals the same amount of PHACT funding. The number one priority absorbed the entire pro-rata plus the bonus. Shelter Plus Care renewal was funded because this program is outside the pro-rata. In response to Commissioner Michelson, Mr. Rose said at one time funds for permanent housing projects were outside the pro-rata. He felt perhaps this was the assumption for this application; unfortunately, it did not work out. Mr. Rose commented that this could have been a last minute funding decision by HUD. Mr. Grewe noted that Ms. Rasmussen had many different contacts at HUD.

Chairperson Cobb inquired what the CD Commission could do. After the agency meetings, Mr. Grewe said the CD Commission could consider providing some level of funding that might leverage other funding.

Mr. Grewe introduced Brad Parks from Developmental Services Center (DSC). Mr. Parks briefed commissioners on the Disabled Citizens Foundation (DCF) Employment Center Project. When this project started 18 months ago, the cost was \$1.1 million. When DCF received a grant from the City of Urbana, it was waiting for \$300,000 from Illinois First and other grants. The Illinois First Grant has been on hold over 18 months, during which time the project costs went up \$200,000. When DCF decided to consider other options, it located a newer constructed building that meets Food Grade Quality. DSC, which provides food packaging for Kraft Foods, must abide by all cleanliness and rodent control policies that Kraft does. There must be certain types of walls and ceilings that can be washed. The new facility was used to make food supplements so it is already Food Grade Quality. This facility is approximately \$250,000 less expensive than renovating the first building. This will increase training opportunities for DSC's clients by about 65%. Also, this building allows for future expansion if needed. DCF feels this is a better option.

In response to Commissioner Michelson, Mr. Parks said the building is located at 3102 West Duncan in Champaign County and provides a greater traffic visibility. DCF wants to be a good steward of funding. Commissioner Vidoni inquired about the advantage of traffic visibility. Mr. Parks felt the advantage was image--being an integral part of the community. Mr. Grewe noted the agreement with DSC was first amended to extend the terms. If the location was changed, the agreement would need to be amended again. Chairperson Cobb asked about the anticipated timeframe. Mr. Parks indicated that DCF has put an offer on the building and has a counter offer. DCF anticipates taking control of the building August 1, 2005. This allows time for necessary inspections, surveys, etc. The environmental survey phase 1 is approved.

Commissioner Lewis asked if there was a problem with the building being outside city limits. Mr. Grewe noted the City funded the initial project, which was outside the City of Urbana. The City of Champaign has also funded this project. Commissioner Lewis stated it was important

that Champaign County and the Cities of Champaign and Urbana get together on this project. Commissioner Thakkar agreed.

Mr. Grewe finished reviewing the staff briefing. He announced that Kelly Hartford from Family Service will be the new Community Development Block Grant Coordinator.

Commissioner Thakkar had e-mailed Erin Bullok about the possibility of the CD Commission visiting the Ecological Construction Laboratory (ECO-LAB). He was not able to attend the open house, and he felt the CD Commission visiting as a team was a good way to discuss issues. Mr. Grewe said the intent was for interested persons to attend the open house. He added that Katrin Klingenberg had a lot of media coverage, and 300 people attend her open house. If there is another open house, Commissioner Thakkar requested that the CD Commission attend.

Old Business: **FY 2005-2005 Annual Action Plan** – Mr. Grewe distributed an FY 2005-2006 CDBG & HOME Application/Program Summary and reviewed the Annual Action Plan. One major change to the Five-Year Consolidated Plan is the proposal to expand the Community Development (CD) Target Area to include Block Groups in Census Tract 56. City administration is concerned about declining housing in that part of the community. This would allow households to participate in Neighborhood Cleanup and the Whole House Rehabilitation Program and to receive the *Neighborhood News*. Commissioner Vidoni asked about income criteria to identify a target area. Mr. Grewe said that the aggregate of any area must show over 51% of the people are at 80% or below Median Family Income. Census Tract 56 Block Groups 1, 2, 3, and 4 meet that requirement. In response to Commissioner Lewis, Mr. Grewe noted this information was from the 2000 Census.

Chairperson Cobb wondered if adding census tracts would dilute services and inflate application roles for services. Mr. Grewe said this is a possibility since there is a finite amount of money. Since so much work has been done in some census tracts, staff felt that it was good to open programs in other areas. Chairperson Cobb questioned whether the older census tracts needed any more work. Mr. Grewe said it was possible to rehabilitate so many homes in an area that the pool of future applicants was reduced. Commissioner Vidoni asked whether this was theoretical or practical. Mr. Grewe said the wait list was exhausted and would need to be re-opened.

Commissioner Lewis stated one essential reason for identifying a block grant area was to reduce blight. Some areas behind the City Building do not have sidewalks. Mr. Grewe said that adding census tracts to the area of concern may help when applying for other funding.

Commissioner Lewis felt it was not logical to increase the target area if funds were decreasing. He said the capital funding program needed to be evenly distributed across the city. When CDBG funds are used in a block grant area, there should be a demarcation line between City-funded capital projects and CDBG-funded projects. It should be clearly denoted so the general public can understand. Commissioner Michelson asked if the City paid for sidewalk improvements around Lincoln Square Mall. Mr. Grewe said that City funds were used but not CDBG funds. Commissioner Lewis said that areas dedicated to receive CDBG funds should also receive capital funds. Mr. Grewe referenced the City of Urbana's 10 Year Capital Improvement Plan. Commissioner Lewis wanted capital improvement projects equitably distributed so CDBG

funds could be used for blighted situations. He understood using CDBG funds to assist projects in the area. However, he did not want capital funds to drive the use of CDBG funds. Since CDBG funds have been reduced, Commissioner Lewis wanted every dollar to count.

Commissioner Vidoni remarked that the new census tract has the lowest percentage of low/moderate income persons as compared to the current CD Target Area. Mr. Grewe agreed. Commissioner Vidoni was concerned about including this area, given the mission of the CD Commission. Commissioner Michelson noted Block Groups 3 and 4 of Census Tract 55 also have a low percentage of low/moderate income persons. Commissioner Vidoni said that Census Tract 56 on the average did not look like the other census tracts.

Commissioner Silvis felt the City was really serving individuals within the census tracts. If the CD Target area was expanded, the City would serve eligible persons who most need the programs. Commissioner Vidoni agreed with Chairperson Cobb that this would dilute the pool. Commissioner Silvis noted that households must qualify to participate in the Whole House Rehabilitation Program. Mr. Grewe agreed; however, this new census tract would also be eligible for Neighborhood Cleanup and capital projects. Although this was not the neediest concentration, Commissioner Silvis did not want to exclude needy persons just because their neighbors are better off. Chairperson Cobb remarked that needy persons were all over the City, and Commissioner Lewis said the 2000 Census confirmed this.

Mr. Rose asked if Census Tract 55 Block Groups 4 and 5 met the criteria for the CD Target Area. Mr. Grewe replied that because the aggregate of Census Tract 55 met the criteria, the City would fund projects in those block groups. Mr. Grewe referred to the creation of the CD Target Area based on the 1980 Census. The intent was not to create a jagged boundary.

Referencing federal regulations for TIF funding, Commissioner Lewis said that everyone within a TIF target area is eligible for funding. That is why differentiation is important.

Mr. Grewe said another concern were code enforcement concerns in some multi-family units in Census Tract 56. Staff questioned whether some of the problems were related to crime rather than housing or public facilities. Commissioner Lewis asked if it was possible to dedicate certain programs to certain areas. Mr. Grewe replied yes, although this could cause confusion for the public. He agreed with commissioners there should be more analysis about the impact. Accessibility to cleanup is one issue; however, other programs may be more complicated.

Commissioner Michelson asked if the deteriorating areas on Philo Road were eligible for TIF funds. Commissioner Lewis said that the TIF area is different from the CD Target Area. Chairperson Cobb remarked that more study is needed on the effect of expanding the CD Target Area.

Another change concerns recapture/resale requirements. In the past, projects assisted with HOME funds would have to be resold to a qualified household. HUD has indicated that the HOME Consortium may have both options as long as this is clarified at the beginning of a program. This gives the HOME Consortium more latitude to use either recapture or resale.

Many times the homeowner cannot wait to find a qualified household. Commissioner Lewis suggested having a pool of candidates to expedite the selling process.

There would be four recapture options: recapture the entire amount of HOME assistance, recapture a pro-rata amount, share net proceeds, or permit the homebuyer to recover his entire investment. The Participating Jurisdiction (PJ) might chose to recapture the entire amount if a program was more risky or it was working with a private developer. The PJ may reduce the amount owed based on the amount of time the homeowner has owned and occupied the house. In challenging areas of the community, a homeowner may not realize any gain from sale of his home. In this case the PJ would receive 2/5 of the net proceeds. The PJ would permit the homebuyer to recover his entire investment before recapturing any HOME investments.

Referencing the CDBG Program, Mr. Grewe noted the City received a lower allocation from HUD. He reviewed the CDBG draft budget. There is a 20% cap for administration. With allocations going down and personnel costs going up, some salaries are being moved to program delivery. United Citizen and Neighbor's (UCAN) Neighborhood Organization Grant (NOG) is being funded from the Neighborhood Improvement Fund (NIF).

Commissioner Thakkar felt the amount in travel/conference was too small. Mr. Grewe agreed; however there is a cap on the funds. Referencing the Comprehensive Plan Open House at the Civic Center, Commissioner Thakkar suggested the CD Commission host a similar event. Mr. Grewe explained that if an event was added, something would need to be reduced or deleted.

In response to Commissioner Vidoni, Mr. Grewe explained the NIF was developed a few years ago around the Carle neighborhood. There were programs for homebuyer assistance and housing rehabilitation. Both the City of Urbana and Carle Foundation contributed funding; there were no federal funds. Commissioner Lewis added that NIF shared responsibility for housing around Carle. Approximately 25 homes had rehabilitation assistance.

Program delivery went up by \$12,000 to help offset staff salaries. In response to Commissioner Michelson, Mr. Grewe clarified that extra money is needed to do more internal programming. Project delivery costs are directly associated with the City's programs, not subgrantee programs. Commissioner Vidoni asked what internal programs would be increased. Mr. Grewe answered there would be a few more Emergency Grants, Access Grants and Senior Repair. The Emergency Grant/Access Grant/Get the Lead Out line item was increased from \$80,000 to \$100,000. There is a need for these programs, and staff anticipates using all of these funds. Senior Repair was also increased.

City of Urbana Code Enforcement is a new endeavor related to recent concerns about rental properties. This activity is eligible for CDBG funds, would pay for some staff time, and is outside the administration cap. Census Tract 56 is one area of concern; there may be other areas of interest. Commissioner Michelson asked who would do code enforcement and hoped this was not overtime for current City staff. Mr. Grewe said that has not yet been determined; however, this may pay for a code enforcement person to be dedicated to a certain area. Another option would be hiring another code enforcement person. Chairperson Cobb asked on what the money would be spent. Mr. Grewe said HUD CDBG regulations indicate the City can pay for the

inspection but not to rehabilitate the building. If this program did code enforcement in a given area, the City must have a plan in place to remedy and make investments in that same area. Commissioner Lewis asked if this could be repetitive. Mr. Grewe was not aware of any constraints on the number of times, although HOME funding allows only one investment per property. Commissioner Lewis remembered that funding code enforcement for public housing could not be on-going. The funds could only be used one time and then had to be used elsewhere. He suggested checking federal regulations.

Commissioner Michelson wanted to know whom to call regarding declining properties. Mr. Grewe said this was Building Safety's responsibility. Referencing a recent community meeting, Commissioner Michelson noted neighbors concerns with deteriorating apartment buildings affecting property values.

Chairperson Cobb wanted to know the City's schedule for increasing code enforcement as the number of new houses increase. He remembered a presentation on the Capital Improvement Plan. Chairperson Cobb wanted to compare the City budget for code enforcement to the proposed amount of CDBG funds. Commissioner Michelson agreed. Discussion continued on the impact of new construction versus deteriorating housing. Referencing City incentives to build in Urbana, Commissioner Lewis felt a proportion of the increased taxes should be used for other areas.

Commissioner Silvis felt the Code Enforcement Program was in response to the City being called in to remedy unsafe conditions and did not concern new housing development. In her neighborhood she sees ten students living in a building that should only have four students. She stated this was a health and safety issue. Commissioner Silvis added that residential real estate taxes do not provide enough income for additional programs. In light of the new demand, Mr. Grewe will check the City's plan for future code enforcement. Discussion continued on the areas with landlord problems and unsafe living conditions.

Commissioner Lewis mentioned the City of Urbana's Comprehensive Plan had a neighborhood preservation component. The City needs to consider how to address the older areas.

Commissioner Thakkar added that the City may want to consider the bike paths and running trails outside the university environment. On Lincoln Avenue there is a bike trail only on one side. This is a problem especially in winter when snow forces bicycle riders on the street. He wanted to encourage the City to better mark the bike trails on the city streets.

Commissioner Shisler did not want to fund code enforcement if the City did not have funds to take legal action. Mr. Grewe noted that HUD will not allow the same funds to remedy the code deficiencies. He understood that it takes many repeated visits and follow-up to get the rental unit improved. Commissioner Quisenberry asked if code inspections were tied into rehabilitation of a unit. Referencing absentee landlords who take advantage of students, Commissioner Michelson did not want to pay to rehabilitate those properties. Discussion continued on writing citations, enforcing penalties, re-inspection, and putting liens on properties.

Commissioner Silvis stated there should be a certification process for landlords before they can rent their properties. Noting that certification was required for public housing, Commissioner Lewis asked why landlords did not have to be certified.

Commissioner Michelson requested information on the City's ordinances for landlords and rental properties. Mr. Grewe believed that Building Safety had a summary of this information. Commissioner Vidoni asked if Commissioner Michelson was concerned with this expenditure. She answered no; her concern was understanding the process to determine if another code enforcement person would make a difference. She did not want to waste funds if there were no legal results.

Chairperson Cobb asked if other communities funded code enforcement. Mr. Grewe said yes; cities use these funds to help subsidize their own Building Safety Departments' efforts in target areas. However, the City of Urbana hopes to make this a more targeted approach for more impact.

Mr. Grewe said the remainder of funding was designated for Clearance of Slum and Blighted Conditions. This is to remove structures such as garages that create health and safety concerns and detract from the neighborhood. This project is outside of the 15% cap that includes Neighborhood Cleanup. Commissioner Lewis commented this was the former Shedaway Program.

Mr. Grewe said the CDBG funds would also be used for PAID Homebuyer Assistance. Staff was concerned about monitoring small business activity versus downpayment assistance. The City of Champaign does not intend to fund this program. However, the City of Urbana can still fund this program and can limit the projects to those within Urbana. Commissioners agreed. Commissioner Lewis asked why the City of Champaign did not fund this. Mr. Grewe answered that Champaign staff did not give a reason other than the project did not receive enough votes. Mr. Grewe believed this was similar to the City of Urbana's Consolidated Social Service Funding Program. Urbana staff will confirm if four homebuyers can purchase homes in Urbana with this funding.

The cost of street improvements to Sunset Drive has gone up considerably. Construction and right of way costs have gone up. In response to Commissioner Shisler, Mr. Grewe explained that \$115,000 was carried over from last year. When six HomeBuild homes were constructed on this street a few years ago, there was an understanding that the street would eventually be improved. This project will add curb and gutter and grading.

Funds were carried over from last year for improvements to Harvey Street sidewalks.

\$20,000 of CDBG funds will be used for the development of a new facility for Frances Nelson Health Care Center in Champaign. The City of Champaign did not fund this project. Commissioner Silvis asked if Frances Nelson would be able to move. Mr. Grewe noted that Frances Nelson had requested operating funds from Champaign. Staff will check with Frances Nelson about the impact on their plans.

Mr. Grewe stated that Public Service program funding, which has a cap of 15% of CDBG funds, amounts to \$83,448. Transitional Housing for Homeless Families With Children is funded under this. Neighborhood Cleanup has the same amount of funding; however, staff is not sure about the impact of expanding the CD Target Area.

Homeless Management Information System (HMIS) will receive \$3,000. Commissioner Michelson wondered if the City of Champaign was helping to fund HMIS. Discussion continued on participation by the City and County. Mr. Grewe mentioned that the Champaign County Community Services Board, which John L. Johnson chairs, provides funding for service-oriented programs rather than capital improvements. Commissioner Lewis suggested notifying this organization about the CD Commissions' concerns with declining funding for various social service agencies. Mr. Grewe added that Erin Bullok, who is a member of this group, would look for common projects to coordinate.

\$24,200 will be contributed to the pool of funds for the Consolidated Social Service Funding Program. The City of Urbana and Cunningham Township also provide funds. Commissioner Shisler asked if any of these funds could be directed to CWIT. Mr. Grewe suggested commissioners might make a proactive recommendation to City Council since many social service agencies apply for these funds. Commissioner Thakkar asked if Champaign and Urbana could work together to address this issue. Mr. Grewe answered yes; there were meetings scheduled in the next few days.

Mr. Grewe stated the Urbana HOME Consortium received \$64,000 less than last year. In response to Commissioner Michelson, Mr. Grewe said HUD will not explain the formula for determining funds. Staff did identify some unobligated administration and Community Housing Development Organization (CHDO) funding. Total funding for the American Dream Downpayment Initiative (ADDI) is only \$47,151. He did note the ADDI funding last year included two years of funding (03-04 and 04-05). Mr. Rose added that the ADDI funding came out of the HOME allocation; the federal government did not create a special allocation.

There is a 10% cap on administration, and it is prorated as in the past.

Urban League and Homestead Corporation are the only CHDOs. Of the 15% set-aside for projects, Urban League received \$80,000, and Homestead received \$87,390. \$25,626 is the unprogrammed remainder. Mr. Grewe noted the unprogrammed HOME funds will be allocated later.

Urban League's Lease Purchase Program is similar to its past program. However, the amount of funding per unit is increasing from \$14,999 to \$20,000. Urban League plans to address code deficiencies with the extra funds. In response to Commissioner Lewis, Mr. Grewe said these were single-family homes. The Park Street project, which the City of Urbana funded, is underway, and Urban League has applied for a Federal Home Loan Grant from the Illinois Housing Development Authority (IHDA).

Homestead Corporation's project is related to the Lakeside Terrace Redevelopment Plan. Homestead will purchase and rehabilitate 11 single-family rental homes each year for three

years. Mr. Rose is working on a business model to purchase a home and make the mortgage payments within the HOME rent constraints. The HOME Consortium discussed phasing the project in the development agreement to determine if the program is working and is viable.

Due to rising housing prices, Mr. Rose anticipates the project will cost an additional \$700,000. He reviewed project equity versus grant funds. The original projection of 50% grant and 50% loan from a local bank keeps shifting. Now the project needs 60% grant and 40% loan. Mr. Rose has met with IHDA to discuss the amount of funding and how to work with IHDA's funding cap. In response to Commissioner Michelson, Mr. Rose said a two-bedroom home in good shape would cost approximately \$95,000. If Homestead purchased a two-bedroom home for \$50,000, Homestead would have to spend \$30,000 in rehabilitation and lead based paint reduction. Homestead may only charge \$646 rent minus the utility allowance. Homestead would receive only about \$500 or less to put toward the mortgage. The mortgage loan must be relatively small compared to the value of the home to make the project work.

Mr. Rose stated there are two sources of grant funds: Federal Home Loan Bank and IHDA. Mr. Rose anticipated that Homestead's Rental Housing Development Project would need \$3,700,000 to purchase 33 homes. Discussion continued on rising interest rates and anticipated demolition of Lakeside Terrace. Mr. Rose, who had just returned from a state advisory committee meeting, noted that all HOPE VI funds were rescinded and no CDBG funds were allocated for next year. Currently there are Housing Authorities with demolished sites and no funds for redevelopment. Mr. Rose believed that Lakeside Terrace Redevelopment would go forward, but probably not as originally envisioned with HUD funds.

Homestead Corporation felt it was in the best interest to proceed with the project rather than wait another year. Mr. Rose has discussed the entire proposal with Busey Bank. Mr. Grewe will check with the Housing Authority about the status of its HOPE VI grant. Mr. Rose said the major cuts to the federal budget were still in the discussion phase.

Mr. Grewe said hopefully the financing arrangement will allow Homestead to make these rental homes the "better" homes in the neighborhood. Mr. Rose added that the rental homes cannot be located in certain census tracts so as to not concentrate low-income households. This requirement also affects the price of housing. Mr. Grewe discussed the geographical constraint and noted the Housing Authority must commit 11 project-based vouchers this year.

Commissioner Vidoni asked if Homestead was in contact with Brinshore Developers. Mr. Rose answered no. Mr. Grewe added that Brinshore attended the Burch demolition ceremony. Now that the Housing Authority has its new executive director, it is more involved with the projects.

Mr. Rose inquired what made the 80 units of replacement housing a necessity. Mr. Grewe answered this was in the City of Urbana's Consolidated Plan. Mr. Rose asked if this would change in the future. Mr. Grewe said the Consolidated Plan could be amended; however, he believed there would be no changes.

Urban League requested \$25,000 from the CHDO 5% Set-Aside Operating Funds, and Homestead Corporation received the balance of \$30,797.

Commissioner Vidoni asked how the 5% Set-Aside differed from the 15% Set-Aside. Mr. Grewe replied the 15% Set-Aside is mandated by HUD for CHDO projects to create housing units. The 5% Set-Aside is to support CHDOs with operating funds. This is voluntary on the part of the HOME Consortium, and the Urbana HOME Consortium has done this for many years. As long as CHDOs are working on HOME funded projects, the CHDOs are eligible for funding. Mr. Rose added the 15% is for bricks and mortar; the 5% is for administrative expenses. He stated that Homestead Corporation, which is a standalone organization, would have a hard time making it through the year without the 5% administration. In fact, it does not cover all administrative costs. Mr. Grewe stated that HUD requires 15% of HOME funds to go to a CHDO, so there must be a CHDO.

Commissioner Lewis asked about the impact of adding another CHDO. Mr. Grewe said the HOME Consortium would not receive any additional funds; the funds would simply be divided among three CHDOs. Chairperson Cobb asked if Eads Street Development Corporation has applied to be a CHDO. Mr. Grewe said the City has forwarded him a CHDO application.

Referencing future funding increases for ECO-LAB, Commissioner Thakkar asked whether funds could be redirected to address CWIT's funding shortfall. He also asked if the City of Champaign would contribute to ECO-LAB. Commissioner Thakkar felt ECO-LAB's prototype would be useful for the Cities of Champaign and Urbana and Champaign County. Since Urbana is ECO-LAB's major funder, he would like other governments to help. Commissioner Shisler suggested that the City of Champaign provide funding to CWIT. Noting that ECO-LAB received \$25,000 of its \$73,500 request, Commissioner Michelson did not want to reduce ECO-LAB's funding. Discussion continued on the likelihood of Champaign funding any of these programs. In response to Commissioner Thakkar, Commissioners Quisenberry and Michelson said it would be ECO-LAB's responsibility to contact the City of Champaign. Commissioner Quisenberry asked if Ms. Klingenberg approached the City of Champaign. Mr. Grewe knew that Ms. Klingenberg spoke with Champaign staff, and they have attended ECO-LAB's open house.

Mr. Grewe stated that the City of Champaign did not have any external Requests for Proposals. All of its programming was internal.

Referencing the Urban League's Lease Purchase Program, Chairperson Cobb inquired about the affordability period increasing from five to ten years. Mr. Grewe noted the Urbana City Council wanted the affordability period extended. Staff felt the goal was to help the initial homebuyer with the affordability. Commissioner Shisler said there should be statistics on how long persons stay in homes and believed the average is less than ten years. Mr. Grewe agreed and noted that Urban League anticipated the homebuyer would stay for about seven years. Although this affordability period may cause some resale concerns, the extra funds may allow for more improvements. Mr. Grewe will talk with Urban League about the best resale/recapture option so homebuyers are least affected. In response to Commissioner Vidoni, Mr. Grewe said during the ten-year affordability period, the seller would either need to repay HOME funds or sell to another low-income household. Mr. Grewe noted that Urban League has a pool of potential low-income homebuyers in its credit counseling program. Commissioner Lewis asked about federal restrictions for homebuyers moving from house to house.

Mr. Rose asked when the affordability period began and what would happen if the house was not sold to a low-income buyer. Mr. Grewe said the affordability period would start on the date the first homebuyer closed on the property. The seller would be in breach of the agreement if he/she did not sell to a low-income buyer. HUD regulations are to prevent persons from buying homes and then converting them to rental. There are also conflict of interest statements.

Mr. Grewe stated the City of Champaign and Champaign County HOME funds are included as a formality.

The City of Urbana will use its HOME funds for five Owner Occupied Housing Rehabilitation projects. The Affordable Rental Development provided Homestead Corporation the balance of funds that the CHDO fund did not provide. Kerr Street Development Planning will provide funds for site planning at 401, 401 ½, and 403 Kerr Street since HOME regulations will not permit the City to bank lots. Mr. Grewe wanted to work in concert with the Housing Authority when Lakeside Terrace redevelopment begins. There is a value in considering projects collectively.

The ECO-LAB will receive \$25,000 of HOME funds, which is similar to what the City of Urbana provided last year. The hope is that these funds will help attract other funding. ECO-LAB wants to start the current project this summer. Commissioner Michelson asked if ECO-LAB had received its 501(c)(3) status. Mr. Grewe replied ECO-LAB is still working on this. The State of Illinois looks more closely at organizations that declare “housing” as the focus.

The ADDI program is similar to last year’s program only with reduced funding. Funds were prorated among the Cities of Urbana, Champaign and Champaign County.

Commissioner Michelson noted the City of Urbana’s Capital Improvement Fund is providing match for HOME funds.

Commissioner Vidoni asked about the Tenant Based Rent Assistance (TBRA) Program ending because the staff person is retiring. Mr. Grewe said this was a practical consideration due to budget reductions. Staff has discussed the amount of funding and return on investment. For example, the Housing Authority provides 1100 vouchers while the City provides five. TBRA was originally created to accept graduates of the City’s Transitional Housing (TH) for Homeless Families With Children. It has been difficult to make this progression work since families leave the program early or prefer a different program. Staff changes may also affect the TH Program.

In response to Commissioners Michelson and Shisler, Mr. Grewe said the TBRA Program had \$40,000 budgeted, with five low-income persons receiving full rent assistance. Chairperson Cobb asked will happen if the staff person does not retire. Mr. Grewe replied this staff member has definitely planned to retire, so staff is reviewing programs. There are five houses in the TH Program; three owned by the City of Urbana and two donated by Carle Foundation. The City must consider whether social service agencies would want to continue these programs.

Commissioner Michelson asked if \$40,000 was for rent assistance only. Mr. Grewe indicated that this amount included program delivery and pro-rated amount for administration. The staff member's salary came from a different line item. This change would affect the next program year, not this year. TBRA has still has funding, and the participants have a two-year window. Mr. Grewe said some larger communities have large rent assistance programs with 50-80 vouchers. Commissioner Michelson asked if this was similar to Section 8. Mr. Grewe answered it was similar but there is a two year limit.

Referencing future site visits, Commissioner Thakkar requested the CD Commission visit CWIT. He felt it was important to visit the agencies that received funds from the City of Urbana. Commissioner Michelson would also like to visit blighted areas in the City. Commissioners Shisler and Quisenberry agreed.

New Business: None.

Adjournment: Chairperson Cobb adjourned the meeting at 9:38 p.m.

Recorded by Connie Eldridge

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APPROVED with corrections by CD Commission 3-29-05